

STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY

CLEAN WATER

STATE REVOLVING FUND

ANNUAL REPORT

for
Fiscal Year 2003
July 1, 2002 - June 30, 2003

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STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
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2003 ANNUAL REPORT

INTRODUCTION

This annual report is prepared for and submitted to the United States Environmental Protection Agency (EPA) in compliance with the requirements of Title VI of the Clean Water Act and 40 CFR Part 35. The reporting period is the state fiscal year (FY 2003) which began July 1, 2002 and ended June 30, 2003. This report describes how the Department of Environmental Quality (DEQ) has met the goals and objectives of its State Revolving Fund (SRF) as identified in the Intended Use Plans and Capitalization Grant Applications. In addition to addressing these documents, this report reflects the sources and uses of all SRF funds during FY 2003.

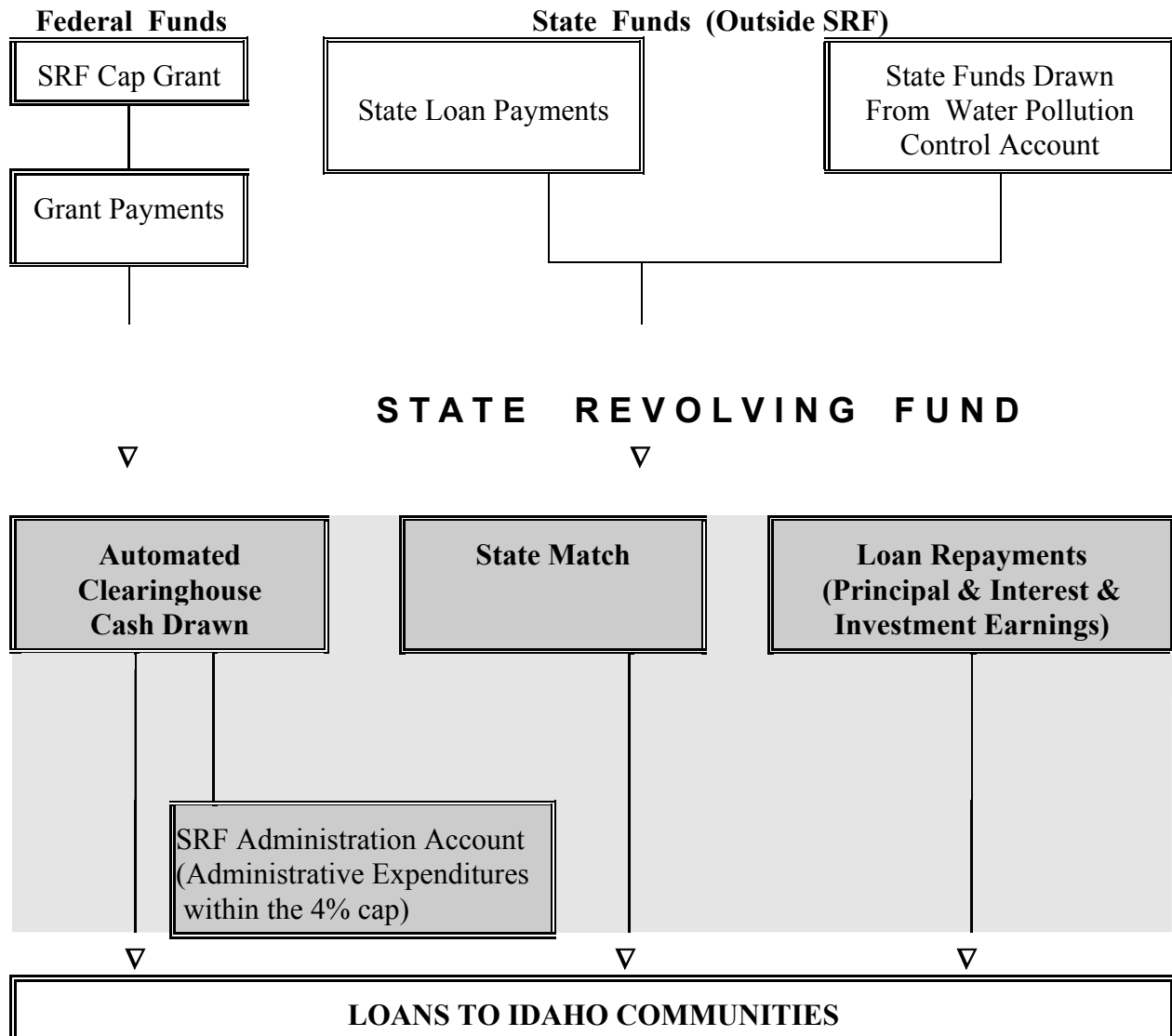
At the end of FY 2003 the SRF was capitalized with 14 federal capitalization grants and the corresponding state match. Figure 1 shows these funds by year as well as the allocation of the funds for administration and for loans.

FIGURE 1: IDAHO SRF FUNDING THROUGH 6/30/2003

FFY	Capitalization Grant Amount	20% State Match	Administrative Allowance	Net Available for Wastewater Treatment Loans
1989	\$4,577,200	\$915,440	\$183,088	\$5,309,552
1990	4,738,000	947,600	189,520	5,496,080
1991	10,343,215	2,068,643	403,001	12,008,857
1992	9,534,900	1,906,980	381,396	11,060,484
1993	9,431,000	1,886,200	377,240	10,939,960
1994	5,813,800	1,162,760	232,552	6,744,008
1995	6,007,800	1,201,560	240,312	6,969,048
1996	6,318,400	1,263,680	252,736	7,329,344
1997	6,576,800	1,315,360	263,072	7,629,088
1998	6,577,300	1,315,460	263,092	7,629,668
1999	6,577,900	1,315,580	263,116	7,630,364
2000	6,555,200	1,311,040	262,208	7,604,032
2001	6,496,100	1,299,220	259,844	7,535,476
2002	6,510,800	1,302,160	260,432	7,552,528
	96,058,415	19,211,683	3,831,609	111,438,489

Figure 2 below shows the flow of monies through the State Revolving Fund. Transfers are made from the Water Pollution Control Account as the 20% match is required when cash draws are made from the capitalization grants.

FIGURE 2: STATE REVOLVING FUND AND ACCOUNTS FLOW CHART



Other continuing activities during this fiscal year include the negotiation and signing of 5 new loan agreements and one loan increase in the total amount of \$41,287,793. This brings the total number of signed loan agreements to 62 and an aggregate loan amount of \$171,885,336.

This fiscal year \$12,304,802 was disbursed to loan recipients. Ten more loans finished the disbursement phase, bringing the total of completed loan projects to 49. All loans are scheduled to be repaid within twenty years of project completion.

This fiscal year the receipt of loan repayments continued to accelerate. DEQ staff receipted loan repayments of \$14,373,850 in principal and \$2,320,511 in interest. All scheduled repayments

were received on time and in the scheduled amounts. There have been no loan defaults.

In addition to revenue from capitalization grants, the state match and repayments, the SRF is generating interest revenue on undisbursed monies. The fund received \$2,509,209 during the fiscal year.

LONG TERM GOALS AND PROGRESS

Three long-term goals were identified in the Intended Use Plans that were previously submitted to EPA. DEQ has made progress toward achievement of these long-term goals.

GOAL 1

Protect public health and the waters of the state by offering financial assistance for the construction of wastewater treatment facilities.

Progress

By June 30, 2003 DEQ had completed 15 annual rounds of establishing priority lists in order to make the funding available. However, because the needs of all communities is much larger than the available funds, DEQ has attempted to award funding for projects as much as possible in priority order. Loan applications are only solicited for amounts equal to the funds available. This prevents communities from having to incur the cost of preparing an application for which funds are not available.

DEQ staff meets on a quarterly basis with all other state and federal agencies that provide funding for wastewater treatment projects in order to coordinate efforts. Each of the agencies reviews the priority lists of each of the other agencies. Several projects for which SRF loans have been awarded also have Community Development Block Grants that are administered by the Idaho Department of Commerce.

GOAL 2

Assist local communities as they strive to achieve and maintain compliance with federal and state water quality standards.

Progress

Idaho's SRF Program continues to be water quality driven. All projects identified to receive financial assistance are ranked in accordance with the integrated priority system that was developed to rank all water quality projects. For the first time there were nonpoint source projects on the priority list in FY 2003. In compliance with Idaho Code requirements those projects are limited

to 5% of the loan fund.

GOAL 3

Administer Idaho's SRF to ensure its financial integrity, viability, and revolving nature in perpetuity.

Progress

Loan applications have been and will be carefully scrutinized to assure affordability and thereby loan repayment. In most cases loans will be secured by Revenue Bonds which will be held as collateral for the loan. In the case of projects that are funded using the "ordinary and necessary" provisions allowed by the Idaho Constitution, covenants are required which give the SRF rights to recover in case of nonpayment. "Ordinary and necessary" loans also are collateralized by promissory notes. All loan ordinances establish reserve accounts to be drawn upon to make a loan repayment in case of a shortfall in the collection of user charges.

The loan rate is adjusted on an annual basis and is established by a policy signed by the Director. The rate for FY2003 was set at 3.75%.

Because the number of projects that are able and willing to proceed with construction has not exceeded the amount of available funding, DEQ has decided not to pursue leveraging schemes that could increase the available amount of funds. Leveraging in Idaho would be very difficult since the Department does not have bonding authority and even the State Treasurer is limited by the State Constitution to \$2 million in long-term debt.

SHORT TERM GOALS AND PROGRESS

In its Intended Use Plan DEQ identified three short-term goals to be implemented in FY 2003. These have been achieved as follows:

GOAL 1

Perform all necessary tasks to assure that all loan assistance requested for Federal Fiscal Year 2002 funding is provided to projects on the list in a timely manner.

Progress

DEQ staff has worked diligently to obtain loan applications from any and all projects that were willing and able to proceed. Many preapplication meetings were held. The signing of the 5 new loans previously mentioned has put the SRF well ahead of the schedule negotiated with EPA for securing signed loan agreements.

GOAL 2

Explore opportunities to expand the uses of SRF funds to include funding of non-point source projects.

Progress

Changes were made to Idaho Code and DEQ rules to allow SRF funding for non-point source projects. An integrated priority rating form was developed pursuant to the rules that would produce a priority list of projects that could include both point and non-point source projects. DEQ engineering staff were trained on the use of the form and the form was used to prepare the priority list for FY2003. The FY2003 list contained both point and non-point source projects. One loan agreement was issued that incorporated several projects from the priority list.

GOAL 3

Address long-term funding for SRF administrative costs when capitalization grants are no longer provided.

Progress

This goal was analyzed again in FY 2003. A new method of providing funding for administrative costs was examined and presented to EPA in FY 2003, however it was determined that the proposed fee would violate EPA regulations. DEQ's Deputy Attorney General has concluded that DEQ lacks authority to implement fees on loan agreements so DEQ will seek legislative authority during the next legislative session.

METHODS AND CRITERIA FOR DISTRIBUTION OF FUNDS

The following principles and procedures were the basis for the administration, funding, allocation and distribution of the SRF monies in FY 2003.

PROGRAM ADMINISTRATION

Four percent of each capitalization grant provided by EPA was set

aside to be used for program administration.

SRF PRIORITY LIST

Priority list rating forms were sent to Project Engineers in DEQ regional offices to rate all cities, counties and water and sewer districts in the state. Once all of the forms were completed a meeting was held of the Senior Engineers to rate and rank the projects. The result of the rating and ranking was the preliminary priority list that was presented at the public hearing.

Projects on the FY2003 list were rated using the following criteria:

- A. 150 points - Only if a public health emergency is certified by the DEQ Board or a Health District Board.
- B. 0 to 100 points- Watershed Restoration. These projects implement best management practices or initiate construction of wastewater collection and treatment facilities as part of a TMDL, protect threatened waters identified through Idaho's Nonpoint Source Management Plan, or is a part of a special water quality effort.
- C. 0 to 100 points- Watershed Protection from Impacts. Points are assigned based upon the number of stream miles impacted; the number of lake/reservoir surface areas impacted; the extent of groundwater impacts to beneficial uses or the ability of a statewide project to promote point or nonpoint source pollution reduction or mitigation.
- D. 0 to 50 points- Secondary "Incentive" Project Ranking. These criteria were design to give bonus points to projects that had completed activities that indicate progress toward being ready to accept a loan, i.e.- completion of a facility plan or put in place a plan for loan payback such as hiring of a financial consultant or passing a bond election. Extra points are awarded if the project results in higher user charge rates as well as for projects that correct an existing or potential health hazard.

FUNDABLE PROJECTS

The highest rated projects on the adopted Priority List that are ready to proceed are selected for funding and listed on the IUP.

DISBURSEMENTS

The estimated timing and amount of disbursements for the projects on the new IUP are added to the latest cash disbursement request

projections for prior year funded and projected projects. The projections are based upon estimated disbursement schedules submitted by loan recipients and projected timing of loan agreements, adjusted for corrections by regional project engineers and central office staff. These disbursements are tracked on an on-going basis to project needed cash from all capitalization grants and state match. All funds were expended in an expeditious and timely manner.

FEDERAL PAYMENTS

Idaho's proposed payment schedule for each capitalization grant is based upon the projected timing of signed loan agreements with projects listed on the current and prior IUP's. This allows for adjustment of prior IUP projects to be reflected in the federal payment schedule.

STATE MATCH

Idaho's match for all capitalization grants is provided from a perpetual appropriation from the state Water Pollution Control Account.

COMPLIANCE WITH OPERATING AGREEMENT REQUIREMENTS

The following sections address compliance with the requirements of the Operating Agreement between the EPA and DEQ for the SRF Program.

FIRST USE REQUIREMENT

This requirement for the use of SRF funds has been met. All Idaho communities on the National Municipal Policy list have achieved compliance with water quality requirements, are on an enforceable schedule, have an enforcement action filed, or have a funding commitment.

EQUIVALENCY REQUIREMENTS

Idaho plans to use both its federal capitalization grant and state match on "equivalency projects". As such, it is DEQ's intent that all projects meet each of the 16 specific statutory requirements provided in Section 602(b)(6) of the Clean Water Act. In the event that EPA disagrees with DEQ's determination that a particular project qualifies as an "equivalency project," DEQ will accept the judgement of EPA and substitute one or more additional "equivalency projects" of similar or greater size to ensure that Idaho is released from Title II requirements as soon as possible.

Each SRF loan agreement includes language agreeing to comply with the 16 Title II requirements of the SRF program as well as federal "cross-cutting" requirements. Compliance with the appropriate Title II and "cross-cutting" requirements is a checklist item monitored by regional project engineers.

ENVIRONMENTAL REVIEWS

DEQ reviews all requests for categorical exclusion, environmental assessments and environmental impact statements for SRF projects pursuant to procedures established in the SRF Handbook of Procedures. These documents are prepared by project applicants. After review and incorporation of any DEQ staff comments, public comments are solicited through notices published in a local newspaper of general circulation. Comments are sought from other affected state and federal agencies as well as Indian Tribes.

During FY 2003 public notices were developed and environmental documents were reviewed for Boise, Eagle Sewer District, McCammon, North Lake Sewer District and Burley. A Finding of No Significant Impact was issued for Burley while the others qualified for Categorical Exclusions.

APPLICABLE FEDERAL AUTHORITIES AND LAWS

DEQ, and recipients of SRF monies directly made available by the capitalization grants, will comply with federal laws and authorities, as identified in the Initial Guidance of January 1988 and applicable regulations. DEQ agrees to notify EPA when consultation or coordination is necessary to resolve issues regarding compliance with "cross-cutting" authorities. As is the case with Title II requirements, specific language agreeing to comply is included in each loan agreement, and compliance is a checklist review item for each regional project engineer.

PUBLIC INVOLVEMENT

Public involvement was provided during the development of the FY 2004 Priority List. Notification of the hearing was published in 6 regional Idaho newspapers once a week for 3 consecutive weeks. The public was invited to submit comments concerning the list by May 22, 2003. Notifications of the opportunity to submit projects for consideration were also mailed to all Idaho cities, counties, water and sewer districts, and many engineering consultants. The Intended Use Plan, including the Priority List, was posted on the DEQ website as well. A public hearing to receive oral comments regarding the list was held on May 15, 2003 at the DEQ building in Boise. The DEQ Board approved the final FY 2004 list on June 19, 2003.

Table 1
Idaho Department of Environmental Quality - State Revolving Fund
List of Projects With Signed Loan Agreements - As of 6/30/2003

ATTACHMENT A

<u>Project Name</u>	<u>LOAN NUMBER</u>	<u>DESCRIPTION</u>	<u>LOAN DATE</u>	<u>LOAN PER IUP</u>	<u>AMOUNT ACTUAL</u>	<u>REPAYMENT PERIOD</u>	<u>INTEREST RATE</u>
Aberdeen	1890-01	Treatment	8/14/90	\$323,000	\$323,000	20 years	4.0%
Basalt	1893-04	Interceptor	11/23/94	\$625,000	\$94,875	20 years	4.5%
Bellevue	1892-02	Coll. & Treat	6/20/91	\$1,150,000	\$1,150,000	20 years	4.0%
Blackfoot	1892-03	Coll.Inter.&Treat.	10/23/91	\$954,168	\$908,000	20 years	4.0%
Boise	1890-04	Interceptor	8/20/91	\$1,015,684	\$687,458	20 years	4.0%
Boise	1893-06	Treatment	6/28/95	\$7,145,982	\$8,300,000	20 years	4.5%
Boise	1895-01	Treatment	11/29/95	\$6,000,000	\$6,800,000	20 years	4.5%
Boise	1895-02	Treatment	5/8/96	\$4,540,404	\$7,000,000	20 years	4.5%
Boise	1898-07	Interceptor	4/10/01	\$1,600,000	\$1,648,600	20 years	4.0%
Boise	1899-06	Treatment	6/3/03	\$11,500,000	\$10,600,000	20 years	3.75%
Caldwell	1896-03	Treatment	4/7/98	\$10,000,000	\$10,000,000	20 years	4.5%
Coeur d'Alene	1890-03	Collectors	10/8/90	\$833,700	\$833,700	20 years	4.0%
Coeur d'Alene	1891-01	Treatment	8/20/91	\$3,834,265	\$5,200,000	20 years	4.0%
Coeur d'Alene	1891-04	Collectors	4/3/91	\$621,600	\$621,600	20 years	4.0%
Coeur d'Alene	1891-05	Collectors	4/3/91	\$197,400	\$197,400	20 years	4.0%
Coeur d'Alene	1892-07	Compost	1/6/93	\$500,000	\$500,000	20 years	4.0%
Coeur d'Alene	1892-09	Collectors	3/20/96	\$715,450	\$483,000	20 years	4.5%
Coeur d'Alene	1892-10	Collectors	3/20/96	\$715,450	\$436,800	20 years	4.5%
Coeur d'Alene	1899-03	Treatment	7/16/02	\$11,000,000	\$15,000,000	20 years	3.75%
Coolin SD	1899-02	Treatment	6/4/02	\$1,800,000	\$3,900,000	20 years	3.75%
Council	1893-03	Coll. & Int.	6/7/93	\$500,000	\$500,000	20 years	4.5%
Dietrich	1895-05	Treatment	8/27/97	\$100,000	\$100,000	20 years	4.5%
Driggs	1896-07	Treat & Int.	8/18/98	\$1,150,000	\$1,150,000	20 years	4.5%
Eden	1893-05	Interceptor	7/11/94	\$115,000	\$115,000	20 years	4.5%
Ellisport Bay	1892-11	Treat & Int.	10/8/96	\$450,000	\$723,667	20 years	4.5%
Fremont County	1896-05	Treatment	4/27/98	\$1,035,590	\$1,700,000	20 years	4.5%
Fremont County	1899-05	Treatment	8/12/02	\$800,000	\$850,000	20 years	3.75%
Gooding	1895-04	Interceptor	5/5/97	\$1,041,667	\$500,000	20 years	4.5%
Gooding	1893-01	Interceptor	4/16/93	\$1,250,000	\$1,560,000	20 years	4.5%
Hailey	1895-06	Treatment	9/23/97	\$2,500,000	\$4,500,000	20 years	4.5%
Hayden	1892-04	Collectors	5/14/92	\$320,424	\$745,328	20 years	4.0%
Hayden	1895-03	Collectors	3/22/96	\$816,667	\$598,126	20 years	4.5%
Helmer	1896-08	Treatment	9/25/98	\$50,000	\$68,318	20 years	4.5%
Heyburn	1891-02	Treatment	9/9/91	\$999,600	\$1,363,681	20 years	4.0%
Id.Soil Cons.	1899-04	Non-Point	8/23/02	\$2,673,000	\$2,673,000	20 years	2.0%
Kalispel Bay SD	1896-02	Coll.Inter.&Treat.	7/2/97	\$1,700,000	\$1,474,044	20 years	4.5%
Kimberly	1898-05	Collectors	10/10/00	\$2,000,000	\$2,000,000	20 years	4.0%
Kuna	1894-02	Interceptor	5/3/95	\$492,500	\$492,500	20 years	4.5%
McCall	1894-04	Treatment	12/6/96	\$1,710,404	\$3,140,850	20 years	4.5%
Moscow	1898-03	Treatment	5/1/00	\$10,000,000	\$10,000,000	20 years	4.0%
Murtaugh	1892-06	Treatment	1/14/94	\$50,000	\$50,000	20 years	4.0%
North Lake SD	1898-01	Collectors	2/22/00	\$488,000	\$450,000	20 years	4.0%
North Lake SD	1896-04	Collectors	3/14/98	\$600,000	\$443,000	20 years	4.5%
North Lake SD	1894-03	Coll.Inter.&Treat.	6/23/95	\$5,000,000	\$6,780,000	20 years	4.0%
North Lake SD	1898-10	Coll. & Int.	10/13/01	\$106,000	\$220,000	20 years	3.75%
Outlet Bay	1891-03	Collectors	7/25/92	\$75,875	\$524,000	20 years	4.0%
Outlet Bay	1898-06	Treatment	7/29/00	\$2,293,080	\$2,957,873	20 years	4.0%
Parma	1896-01	Coll.Inter.&Treat.	3/5/98	\$500,000	\$565,000	20 years	4.5%
Payette	1898-04	Treat & Int.	11/6/00	\$3,000,000	\$1,200,000	20 years	4.0%
Pocatello	1890-02	Treat & Int.	9/17/90	\$3,681,000	\$3,917,000	20 years	4.0%
Pocatello	1897-01	Treat & Int.	1/20/99	\$4,800,000	\$5,000,000	20 years	4.0%
Pocatello	1898-09	Treatment	8/28/01	\$6,449,740	\$5,850,000	20 years	3.75%
Pocatello	1899-01	Treatment	10/30/02	\$11,150,000	\$11,500,000	20 years	3.75%
Post Falls	1892-01	Collectors	5/15/91	\$1,375,476	\$1,399,516	20 years	4.0%
Rexburg	1892-05	Treatment	4/22/93	\$5,000,000	\$5,000,000	15 years	4.0%
Rupert	1893-02	Interceptor	8/3/93	\$350,000	\$340,000	10 years	4.5%
S.Fork CdA River	1898-08	Treatment	11/21/00	\$4,000,000	\$5,600,000	20 years	4.0%
Spirit Lake	1898-11	Treatment	12/27/01	\$775,000	\$900,000	20 years	3.75%
Twin Falls	1898-02	Treatment	10/29/99	\$8,000,000	\$8,500,000	20 years	4.0%
Victor	1896-06	Collect&Intercept	9/3/98	\$1,250,000	\$1,250,000	20 years	4.5%
Weiser	1894-01	Interceptor	1/12/95	\$500,000	\$500,000	20 years	4.5%

Note:"Per IUP"information is from Intended Use Plan
Current or Extended List

\$154,221,126

\$171,885,336

Table 2

ATTACHMENT B

Idaho Department of Environmental Quality - State Revolving Fund

Cash Disbursements and Federal Cash Draws- Fiscal Year Ending 6/30/2003

<u>Project Name</u>	<u>LOAN NUMBER</u>	<u>Through FY 2002</u>	<u>FY 2003 TOTAL</u>	<u>PROGRAM TOTAL</u>
Aberdeen	1890-01	\$274,168	\$0	\$274,168
Basalt	1893-04	\$94,875	\$0	\$94,875
Bellevue	1892-02	\$1,150,000	\$0	\$1,150,000
Blackfoot	1892-03	\$835,745	\$0	\$835,745
Boise	1890-04	\$671,879	\$0	\$671,879
Boise	1893-06	\$8,300,000	\$0	\$8,300,000
Boise	1895-01	\$6,421,575	\$0	\$6,421,575
Boise	1895-02	\$5,706,507	\$0	\$5,706,507
Boise	1898-07	\$1,601,263	\$0	\$1,601,263
Caldwell	1896-03	\$10,000,000	\$0	\$10,000,000
Coeur d'Alene	1890-03	\$675,141	\$0	\$675,141
Coeur d'Alene	1891-01	\$5,182,452	\$0	\$5,182,452
Coeur d'Alene	1891-04	\$677,420	\$0	\$677,420
Coeur d'Alene	1892-07	\$500,000	\$0	\$500,000
Coeur d'Alene	1892-09	\$911,400	\$0	\$911,400
Coolin Sewer District	1899-02	\$0	\$2,155,966	\$2,155,966
Council	1893-03	\$481,398	\$0	\$481,398
Dietrich	1895-05	\$52,435	\$42,423	\$94,858
Driggs	1896-07	\$1,150,000	\$0	\$1,150,000
Eden	1893-05	\$112,236	\$0	\$112,236
Ellisport Bay	1892-11	\$712,872	\$0	\$712,872
Fremont County	1896-05	\$1,615,000	\$0	\$1,615,000
Gooding	1893-01	\$756,497	\$0	\$756,497
Gooding	1895-04	\$500,000	\$0	\$500,000
Hailey	1895-06	\$4,500,000	\$0	\$4,500,000
Hayden	1892-04	\$745,328	\$0	\$745,328
Hayden	1895-03	\$470,155	\$0	\$470,155
Helmer	1896-08	\$43,009	\$0	\$43,009
Heyburn	1891-02	\$1,341,512	\$0	\$1,341,512
ID Soil Conserv. Comm.	1899-04	\$0	\$942,000	\$942,000
Kalispel Bay SD	1896-02	\$1,432,932	\$0	\$1,432,932
Kimberly	1898-05	\$508,014	\$404,019	\$912,033
Kuna	1894-02	\$279,200	\$0	\$279,200
McCall	1894-04	\$3,140,850	\$0	\$3,140,850
Moscow	1898-03	\$8,713,760	\$1,286,240	\$10,000,000
Murtaugh	1892-06	\$49,077	\$0	\$49,077
North Lake SD	1894-03	\$6,421,354	\$0	\$6,421,354
North Lake SD	1896-04	\$390,518	\$0	\$390,518
North Lake SD	1898-01	\$423,562	\$22,806	\$446,368
North Lake SD	1898-10	\$155,599	\$5,145	\$160,744
Outlet Bay	1891-03	\$510,254	\$0	\$510,254
Outlet Bay	1898-06	\$994,551	\$1,770,461	\$2,765,012
Parma	1896-01	\$565,000	\$0	\$565,000
Payette	1898-04	\$974,268	\$189,569	\$1,163,837
Pocatello	1890-02	\$3,367,506	\$0	\$3,367,506
Pocatello	1897-01	\$5,000,000	\$0	\$5,000,000
Pocatello	1898-09	\$3,153,815	\$2,696,185	\$5,850,000
Pocatello	1899-01	\$0	\$2,458,465	\$2,458,465
Post Falls	1892-01	\$1,399,516	\$0	\$1,399,516
Rexburg	1892-05	\$4,844,847	\$0	\$4,844,847
Rupert	1893-02	\$207,820	\$0	\$207,820
S.Fork Cda River SD	1898-08	\$4,061,642	\$0	\$4,061,642
Spirit Lake	1898-11	\$229,407	\$223,342	\$452,749
Twin Falls	1898-02	\$8,075,000	\$0	\$8,075,000
Victor	1896-06	\$1,141,819	\$108,181	\$1,250,000
Weiser	1894-01	\$480,183	\$0	\$480,183
Subtotal- Loan Disbursements		\$112,003,361	\$12,304,802	\$124,308,163
Program Administration Draws		<u>\$3,275,737</u>	<u>\$244,481</u>	<u>\$3,520,218</u>
Total Disbursements		\$115,279,098	\$12,549,283	\$127,828,381
Federal Cash Draws		\$89,350,936	\$6,261,235	\$95,612,171
Federal Cash Draws as a % of Disbursements		78%	50%	75%

Table 3
Department of Environmental Quality - State Revolving Fund
Binding Commitments - As of 6/30/2003

ATTACHMENT C

Project Name	LOAN NUMBER	Through FY 2002	Quarter Ending 9/02	Quarter Ending 12/02	FY 2003		Quarter Ending 6/03	PROGRAM TOTAL	LOAN SIGNED
					Quarter Ending 3/03				
Aberdeen	1890-01	\$323,000						\$323,000	8/14/90
Basalt	1893-04	\$94,875						\$94,875	11/23/94
Bellevue	1892-02	\$1,150,000						\$1,150,000	6/20/91
Blackfoot	1892-03	\$908,000						\$908,000	10/23/91
Boise	1890-04	\$687,458						\$687,458	8/20/91
Boise	1893-06	\$8,300,000						\$8,300,000	6/28/95
Boise	1895-01	\$6,800,000						\$6,800,000	11/29/95
Boise	1895-02	\$7,000,000						\$7,000,000	5/8/96
Boise	1898-07	\$1,648,600						\$1,648,600	4/10/01
Boise	1899-06						\$10,600,000	\$10,600,000	6/3/03
Caldwell	1896-03	\$10,000,000						\$10,000,000	4/7/98
Coeurd'Alene	1890-03	\$833,700						\$833,700	10/8/90
Coeurd'Alene	1891-01	\$5,200,000						\$5,200,000	8/20/91
Coeurd'Alene	1891-04	\$621,600						\$621,600	4/3/91
Coeurd'Alene	1891-05	\$197,400						\$197,400	4/3/91
Coeurd'Alene	1892-07	\$500,000						\$500,000	1/6/93
Coeurd'Alene	1892-09	\$483,000						\$483,000	3/20/96
Coeurd'Alene	1892-10	\$436,800						\$436,800	3/20/96
Coeurd'Alene	1899-03		\$11,000,000				\$4,000,000	\$15,000,000	7/16/02
Coolin SD	1899-02	\$3,900,000						\$3,900,000	6/4/02
Council	1893-03	\$500,000						\$500,000	6/7/93
Dietrich	1895-05	\$100,000						\$100,000	8/27/97
Driggs	1896-07	\$1,150,000						\$1,150,000	8/18/98
Eden	1893-05	\$115,000						\$115,000	7/11/94
Ellisport Bay	1892-11	\$723,667						\$723,667	10/8/96
Fremont County	1896-05	\$1,700,000						\$1,700,000	4/27/98
Fremont County	1899-05		\$850,000					\$850,000	8/12/02
Gooding	1893-01	\$1,560,000						\$1,560,000	4/6/93
Gooding	1895-04	\$500,000						\$500,000	5/5/97
Hailey	1895-06	\$4,500,000						\$4,500,000	9/23/97
Hayden	1892-04	\$745,328						\$745,328	5/14/92
Hayden	1895-03	\$598,126						\$598,126	3/22/96
Helmer	1896-08	\$68,318						\$68,318	9/25/98
Heyburn	1891-02	\$1,363,681						\$1,363,681	9/9/91
ID Soil Cons. Comm.	1899-04		\$2,673,000					\$2,673,000	8/23/02
Kalispel Bay SD	1896-02	\$1,474,044						\$1,474,044	7/2/97
Kimberly	1898-05	\$2,000,000						\$2,000,000	10/10/01
Kuna	1894-02	\$492,500						\$492,500	5/3/95
McCall	1894-04	\$3,140,850						\$3,140,850	12/6/96
Moscow	1898-03	\$10,000,000						\$10,000,000	5/1/00
Murtaugh	1892-06	\$50,000						\$50,000	1/14/94
North Lake SD	1898-01	\$450,000						\$450,000	2/22/00
North Lake SD	1896-04	\$443,000						\$443,000	3/14/98
North Lake SD	1894-03	\$6,780,000						\$6,780,000	6/23/95
North Lake SD	1898-10	\$220,000						\$220,000	10/13/01
Outlet Bay	1891-03	\$524,000						\$524,000	11/17/92
Outlet Bay	1898-06	\$2,293,080	\$471,932				\$192,861	\$2,957,873	7/29/00
Parma	1896-01	\$565,000						\$565,000	3/5/98
Payette	1898-04	\$1,200,000						\$1,200,000	11/6/00
Pocatello	1890-02	\$3,917,000						\$3,917,000	9/17/90
Pocatello	1897-01	\$5,000,000						\$5,000,000	1/20/99
Pocatello	1898-09	\$5,850,000						\$5,850,000	8/28/01
Pocatello	1899-01			\$11,500,000				\$11,500,000	10/30/02
Post Falls	1892-01	\$1,399,516						\$1,399,516	5/15/91
Rexburg	1892-05	\$5,000,000						\$5,000,000	4/22/93
Rupert	1893-02	\$340,000						\$340,000	8/3/93
S.Fork Cda Riv. SD	1898-08	\$5,600,000						\$5,600,000	11/21/01
Spirit Lake	1898-11	\$900,000						\$900,000	12/27/01
Twin Falls	1898-02	\$8,500,000						\$8,500,000	10/29/99
Victor	1896-06	\$1,250,000						\$1,250,000	9/3/98
Weiser	1894-01	\$500,000						\$500,000	1/12/95
Administration		\$3,571,177	\$260,432					\$3,831,609	
Total Binding Commitments		\$134,168,720	\$15,255,364	\$11,500,000	\$0	\$14,792,861		\$175,716,945	
Prior Year Federal Payments		\$83,051,515	\$260,432	\$6,235,668	\$0	\$0		\$89,547,615	
Binding Commitment Required (120% of Federal Payment)		\$99,661,818	\$312,518	\$7,482,802	\$0	\$0		\$107,457,138	
Binding Commitments as a % of Bind. Commitment Requirement		135%	149%	150%	150%	164%		164%	

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
BALANCE SHEET
FOR THE YEARS ENDED JUNE 30, 2002 AND 2003**

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash	\$ 69,074,990	\$ 54,946,556
Interest Receivable - Fund Balance	599,085	2,228
Interest Receivable – Loans	839,333	1,534,005
Loans Receivable	<u>2,646,500</u>	<u>1,986,694</u>
TOTAL CURRENT ASSETS	<u>73,159,908</u>	<u>58,469,483</u>
LONG TERM ASSETS		
Loans Receivable	<u>63,462,997</u>	<u>65,572,273</u>
TOTAL LONG TERM ASSETS	<u>63,462,997</u>	<u>65,572,273</u>
TOTAL ASSETS	<u>\$136,622,905</u>	<u>\$124,041,756</u>
<u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES		
Due To DEQ Fund	\$ 0	\$ 0
Other Current Liabilities	<u>10,214</u>	<u>13,571</u>
TOTAL CURRENT LIABILITIES	<u>10,214</u>	<u>13,571</u>
FUND EQUITY		
Restricted For Revolving Loan Program	<u>136,612,691</u>	<u>124,028,185</u>
TOTAL FUND EQUITY	<u>136,612,691</u>	<u>124,028,185</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$136,622,905</u>	<u>\$124,041,756</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
FOR THE YEARS ENDED JUNE 30, 2002 AND 2003

<u>OPERATING REVENUES</u>	<u>2003</u>	<u>2002</u>
Interest Earned – Loans	\$ 2,245,417	\$ 2,193,400
Interest Earned - Fund Balance	3,106,065	2,293,883
Miscellaneous	<u>6</u>	<u>0</u>
TOTAL OPERATING REVENUES	<u>5,351,488</u>	<u>4,487,283</u>
 <u>OPERATING EXPENSES</u>		
Program Administration:		
Personnel	157,077	185,993
Indirect Expense	61,166	74,100
Travel	741	2,729
Other	<u>22,143</u>	<u>22,720</u>
TOTAL OPERATING EXPENSES	<u>241,127</u>	<u>285,542</u>
Operating Income	5,110,361	4,201,741
 <u>NONOPERATING REVENUES (EXPENSES)</u>		
Capital Contributions – EPA	6,261,235	11,622,716
Capital Contributions – Idaho	<u>1,212,912</u>	<u>2,363,879</u>
Total Capital Contributions	<u>7,474,147</u>	<u>13,986,595</u>
Increase in Fund Equity	12,584,508	18,188,336
Fund Equity at Beginning of Year	<u>124,028,185</u>	<u>105,839,849</u>
Fund Equity at End of Year	<u>\$136,612,693</u>	<u>\$124,028,185</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2003**

	<u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loan Cash Flows:		
Cash Received - Loan Interest Payments	\$ 2,320,511	\$ 1,413,612
Cash Received - Loan Principal Repayments	14,373,850	1,812,596
Loan Disbursements To Communities	<u>(12,304,802)</u>	<u>(21,778,621)</u>
Subtotal Loan Cash Flows	<u>4,389,559</u>	<u>(18,552,413)</u>
Other Operating Cash Flows:		
Cash Payments - Administrative Expenses	(244,481)	(291,045)
Cash Provided (Used) - Increase (Decrease) in Amount Due To DEQ Fund	<u>0</u>	<u>(34,328)</u>
Subtotal Other Cash Flows	<u>(244,481)</u>	<u>(325,373)</u>
NET CASH FROM (FOR) OPERATING ACTIVITIES	<u>4,145,078</u>	<u>(18,877,786)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Cash Received From EPA	6,261,235	11,622,716
Cash Received From State Match	<u>1,212,912</u>	<u>2,363,879</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>7,474,147</u>	<u>13,986,595</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received - Interest on Fund Balance	<u>2,509,209</u>	<u>2,708,338</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,509,209</u>	<u>2,708,338</u>
NET INCREASE (DECREASE) IN CASH	14,128,434	(2,182,853)
CASH BALANCE, BEGINNING OF YEAR	<u>54,946,556</u>	<u>57,129,409</u>
CASH BALANCE, END OF YEAR	<u>\$ 69,074,990</u>	<u>\$ 54,946,556</u>
<u>RECONCILIATION OF INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income	\$ 5,110,361	\$ 4,201,741
Adjustments to reconcile income to net cash provided by operating activities:		
Interest Earned - Fund Balance	(3,106,065)	(2,293,883)
Change in assets and liabilities:		
(Increase)/Decrease in Interest Receivable Loans	694,672	(779,787)
(Increase)/Decrease in Loans Receivable	1,449,470	(19,966,026)
Increase/(Decrease) in Other Payables	(3,357)	(5,503)
Increase/(Decrease) in Due to DEQ Fund	<u>0</u>	<u>(34,328)</u>
Total Adjustments	<u>(965,280)</u>	<u>(23,384,424)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,145,801</u>	<u>\$(18,877,786)</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1 - Organization of the Fund

The Idaho Clean Water State Revolving Fund (the Fund) was established pursuant to Title VI of the Federal Water Quality Act of 1987 (the Act). The Act established the Clean Water State Revolving Fund (CWSRF) program to replace the construction grants program to provide loans at reduced interest rates to finance the construction of publicly owned water pollution control facilities. Instead of making grants to communities that pay for a portion of building wastewater treatment facilities, the CWSRF provides a flexible financing source that can be used for a variety of pollution control projects. Loans made by the Fund must be repaid within 20 years, and all repayments, including interest and principal, must be returned to the Fund. The monies of the Fund are to be used for eligible purposes in perpetuity.

The Fund is in the process of being capitalized by the U.S. Environmental Protection Agency (EPA) through a series of grants beginning in 1989. States are required to provide an additional 20 percent of the Federal capitalization grant as matching funds in order to receive a grant. As of June 30, 2003, Congress authorized the EPA to award \$102,526,215 in capitalization grants to Idaho. The State is required to contribute \$20,505,243 in matching funds.

The Fund is administered by the Idaho Department of Environmental Quality (DEQ). The Fund does not have any full time employees. Instead, DEQ charges the Fund for time spent on CWSRF activities by DEQ employees, and the Fund reimburses the DEQ Fund for such costs. The charges include the salaries and benefits of the employees, as well as indirect costs allocated to the Fund based on direct salary costs. Employees charging time to the Fund are covered by the benefits of the State. The Fund is also charged indirect costs of the State through the cost allocation plan for general state expenses.

The Fund is included in the State's general-purpose financial statements as an Enterprise Fund using the accrual basis.

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Fund presents its financial statements as an Enterprise fund. The State's central accounting system records transactions on a cash basis of accounting. For the CWSRF, the financial records have been converted as necessary to the accrual basis. The accrual basis of accounting requires the recording of revenues when earned and expenses are recorded when liabilities are incurred.

Cash and Cash Equivalents

All cash of the Fund is deposited with the Office of the State Treasurer. Under Idaho Code, the State Treasurer is responsible for the investment of the cash balances of the State. Therefore, management of the Fund does not have any control over the investment of excess cash, and these financial statements consider all funds deposited with the Treasurer to be cash or cash equivalents, regardless of the actual maturities of the underlying investments. The Fund receives interest earnings monthly from the Treasurer. This is the source of revenue titled "Interest Earned - Fund Balance".

By Idaho Code, all cash of the Fund is perpetually appropriated for program purposes.

Encumbrances

Encumbrances are not reported as expenses. There were no encumbrances outstanding at the years ended, June 30, 2002, and June 30, 2003.

Fixed Assets

Governmental fixed assets include such items as land, land improvements, buildings, fixtures, equipment, and property under construction, and are recorded at cost. For the CWSRF, some items of equipment, such as computers, are the only "fixed assets" to be considered in these financial statements. The CWSRF owns no land, land improvements, buildings, fixtures, or property under construction and has no plans to acquire.

In accordance with Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, only equipment having a useful life of more than one year and acquisition cost of \$5,000 or greater is considered for capitalization and depreciation using the straight line method over the estimated useful life. At this time, the CWSRF does not own any equipment meeting these criteria and there are not any changes to fixed assets to report.

Loans Receivable and Interest Capitalization

Loan funds are disbursed to the local agencies as they incur costs for the purposes of the loan and request loan disbursements from the Fund. Typically, interest is calculated from the date that funds are advanced. After final disbursement has been made, the payment schedule identified in the loan agreement is adjusted for the actual amounts disbursed and interest accrued during the project period. At the loan closing, the loan recipient is given the opportunity to payoff any accrued interest during the construction phase or to capitalize the interest into the loan principal, subject to the available debt capacity of the loan recipient as stated in the loan award.

Management considers all loans to be fully collectible, therefore, no allowance for uncollectible accounts is made.

STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

Note 2 - Summary of Significant Accounting Policies (Continued)

Indirect Costs - Specific Fund Liabilities

Generally accepted accounting principles require note disclosures for certain liabilities such as: **Compensated absences, Pension plan obligations, and Commitments under noncapitalized (operating) leases.** These types of costs are obligations of the entire Department of Environmental Quality and the CWSRF receives an allocation of these costs, either through direct expense as incurred or through the application of a negotiated indirect rate. As stated in Note 1 - Organization of the Fund, the CWSRF does not have any full time employees. Instead, DEQ charges the CWSRF program for the specific labor cost spent directly on CWSRF activities by DEQ employees.

For the year ended June 30, 2003, the CWSRF does not have separate specific liabilities for Compensated absences, Pension plan obligations, and Commitments under noncapitalized (operating) leases.

Note Disclosures

The guidelines set forth by EPA do not require some of the disclosures required by GAAP; however, all note disclosures required by GAAP are included in the State's *Comprehensive Annual Financial Report* (CAFR). The Fund is included as part of the CAFR, which can be obtained from the State Controller's Office; 700 West State Street; Boise, Idaho 83720.

Contributed Capital

In accordance with generally accepted accounting principles, only funds actually received from the EPA and the State for the capitalization of the Fund are recorded as contributed capital.

State Match

Under Idaho Code, the State match is perpetually appropriated from the Water Pollution Control Account. The State is only required to deposit cash match into the CWSRF when an actual cash draw from the EPA is made.

Note 3 - Cash and Cash Equivalents

All cash of the Fund is deposited with the Office of the State Treasurer. The State Treasurer is responsible for the investment of the cash balances of the State in accordance with *Idaho Code*. The State Treasurer is allowed to invest in investment grade ("A" rating or higher) securities ranging from U.S. Treasury Bills to domestic bonds. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the State reports certain investments at fair value rather than at cost.

At June 30, 2003, the State Treasurer's Office stated that the total carrying value of the Idaho State Idle Cash Pool was \$604,473,003. The market value at June 30, 2003, was \$608,621,444. Therefore, there is an unrealized gain of \$4,148,441 (or 0.686%) when compared to the June 30, 2003, carrying value.

The carrying amount of invested cash of just the Clean Water State Revolving Fund at June 30, 2003, was \$69,074,990. Therefore, the unrealized gain for the CWSRF was \$474,055 (or 0.686% of \$69,074,990) and is included in the account: Interest Receivable – Fund Balance.

At June 30, 2002, the State Treasurer's Office stated that the total carrying value of the Idaho State Idle Cash Pool was \$568,962,009. The market value at June 30, 2002 was \$568,023,915. Therefore, there is an unrealized loss of \$938,094 (or -0.165%) when compared to the June 30, 2002, carrying value.

The carrying amount of invested cash of just the Clean Water State Revolving Fund at June 30, 2002, was \$54,946,556. Therefore, the unrealized loss for the CWSRF was \$90,662 (or 0.165% of \$54,946,556) and is included in the account: Interest Receivable – Fund Balance.

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 4 - Loans Receivable

Financial Accounting Standards Board Statement No. 105, *Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, requires disclosure of the following:

Extent, Nature, and Terms of Financial Instruments

The Fund makes loans to qualified agencies for projects that meet the eligibility requirements of the Act. Loans are financed by capitalization grants, State match, and revolving funds. Effective interest rates on loans vary between 3.75% and 4.5% and are generally repaid over 20 years starting within one year after the project is completed.

Collateral

At the loan closing, the State of Idaho receives collateral, typically a sewer revenue bond, local improvement district bond or promissory note, from the borrower. As of June 30, 2003, the Office of the State Treasurer held \$0 (at original face value) of Bonds and \$0 (at original face value) of Promissory Notes as collateral for the Clean Water State Revolving Fund.

Loans by Category

Loans receivable at June 30, 2003, are as follows:

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$112,100,073	\$60,709,626	\$ 0	\$51,390,447
Projects in Progress	<u>54,138,012</u>	<u>0</u>	<u>39,418,962</u>	<u>14,719,050</u>
Totals	<u>\$166,238,085</u>	<u>\$60,709,626</u>	<u>\$39,418,962</u>	66,109,497
Less: Amount Due within 1 Year (Current)				<u>2,646,500</u>
Loans Receivable, Net of Current Maturities				<u>\$63,462,997</u>

The projected principal repayments in subsequent years are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2004	\$ 2,646,500
2005	3,051,143
2006	3,355,205
2007	3,491,262
2008	3,632,867
Thereafter	<u>49,932,520</u>
Total Loan Receivable	<u>\$66,109,497</u>

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 4 - Loans Receivable (Continued)

Major Loans to Local Agencies

As of June 30, 2003, the Fund had made loans to the agencies listed below that, in aggregate, exceeded \$4 million. The outstanding balance of these loans represents approximately % of the total loan receivable, as follows:

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
City of Boise	\$ 34,523,296	\$ 1,930,580
City of Pocatello	25,972,654	15,479,687
City of Coeur d'Alene	22,963,961	5,196,480
City of Caldwell	10,000,000	0
City of Moscow	10,000,000	0
City of Twin Falls	8,500,000	8,215,738
North Lake Sewer and Water District	7,446,956	5,355,838
South Fork Coeur d'Alene River Sewer District	5,600,000	4,001,434
City of Rexburg	5,000,000	2,702,715
City of Hailey	4,500,000	0
	<u>\$134,506,867</u>	<u>\$42,882,472</u>
Totals		

The authorized loan amount includes both completed projects and projects in progress. As of June 30, 2003, principal repayments on completed projects by the above agencies was \$55,522,744 and remaining amounts to be disbursed on projects in progress was \$34,641,535.

Note 5 - Interest Receivable

The interest rate on loans varies between 3.75% and 4.5% and are generally repaid over 20 years starting within one year after the project is completed. Details of loan interest receivable as of June 30, 2003, are as follows:

Interest Receivable by Category

Completed Projects	\$ 424,735
Projects in Progress	<u>414,598</u>
Total Interest Receivable	<u>\$ 839,333</u>

Note 6 - Interfund Payable

On June 30, 2001, the DEQ Fund (#0225) was owed \$34,328 by the Clean Water State Revolving Fund program. The DEQ Fund is the fund from which the CWSRF program pays for administrative costs.

On June 30, 2003, this interfund payable was \$0.

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 7 - Contingencies and Other Subsequent Events

Contingencies

The Fund is exposed to various risks of loss related to torts, thefts of assets, errors or omissions, injuries to State employees while performing Fund business, or acts of God. The Fund maintains insurance (through the Idaho State Department of Administration, Bureau of Risk Management) for all risks of loss.

The cost of insurance is included in the indirect costs charged to the Fund. There have not been any claims against the Fund since its inception in 1989.

Subsequent Events

Subsequent to June 30, 2003, the following events occurred:

On August 13, 2003, the EPA awarded the 2003 CWSRF capitalization grant to the State. The grant provides \$6,467,800 (of which \$6,209,088 will be available for loans and \$258,712 for CWSRF administration) of additional Contributed Capital from EPA and \$1,293,560 of additional Contributed Capital from the State.

On July 14, 2003, the Eagle Sewer District entered into a new loan agreement (Loan #1899-07) for \$280,000.

On August 9, 2003, the North Lake Sewer and Water District entered into a new loan agreement (Loan #1899-09) for \$4,840,000.

On October 11, 2003, the North Lake Sewer and Water District signed a \$500,000 loan increase (Loan #1898-09) for a total loan amount of \$5,340,000.

Note 8 - Contributed Capital and Fund Balance

The Fund is capitalized by EPA grants authorized by Title VI of the Act and matching funds from the State. All funds drawn are recorded as contributed capital from the EPA and the State. As of June 30, 2003, EPA has awarded capitalization grants of \$96,584,415 to the State, of which \$9,093,522 has been drawn for loans and administration of the Fund. The State has provided the required matching funds of \$18,522. The following schedule summarizes the capitalization grants awarded by Federal fiscal year, amounts drawn on each grant as of the balance sheet date, and balances available:

<u>Year</u>	<u>EPA Grant Amount</u>	<u>Total Draws at June 30, 2002</u>	<u>Draws during SFY 2003</u>	<u>Total Draws at June 30, 2003</u>	<u>Balance at June 30, 2003</u>
1989	\$ 4,577,200	\$ 4,577,200	\$ 0	\$ 4,577,200	\$ 0
1990	4,738,000	4,738,000	0	4,738,000	0
1991	10,343,215	10,343,215	0	10,343,215	0
1992	9,534,900	9,534,900	0	9,534,900	0
1993	9,431,000	9,431,000	0	9,431,000	0
1994	5,813,800	5,813,800	0	5,813,800	0
1995	6,007,800	6,007,800	0	6,007,800	0
1996	6,318,400	6,318,400	0	6,318,400	0
1997	6,576,800	6,576,800	0	6,576,800	0
1998	6,577,300	6,577,300	0	6,577,300	0
1999	6,577,900	6,577,900	0	6,577,900	0
2000	6,555,200	6,555,200	0	6,555,200	0
2001	6,496,100	6,299,421	196,679	6,496,100	0
2002	<u>6,467,800</u>	<u>0</u>	<u>6,064,556</u>	<u>6,064,556</u>	<u>403,244</u>
Totals	<u>\$96,058,415</u>	<u>\$89,350,936</u>	<u>\$ 6,261,235</u>	<u>\$95,612,171</u>	<u>\$ 403,244</u>

As of June 30, 2002 and 2003, the State match contributions were:

	<u>Total Appropriated State Match</u>	<u>Total Match Provided at June 30, 2002</u>	<u>State Match Provided in SFY 2003</u>	<u>Total Match Provided at June 30, 2003</u>	<u>Available State Match Balance at June 30, 2003</u>
Idaho	<u>\$19,211,683</u>	<u>\$17,909,523</u>	<u>\$1,212,912</u>	<u>\$19,122,435</u>	<u>\$ 89,248</u>

LIST OF FUNDABLE PROJECTS

<u>PROJECT</u>	Priority List <u>Number</u>	<u>LOAN AMOUNT</u>	BINDING COMMITMENT <u>DATE</u>
Administration		\$260,432	9/02
Dietrich, City	1	50,000	9/02
Id. Soil Cons. Comm.	2	500,000	9/02
Id. Soil Cons. Comm.	3	872,000	9/02
Id. Soil Cons. Comm.	4	300,000	9/02
Coolin Sewer Dist.#	5	3,900,000	7/02
Fremont County*	7	800,000	9/02
Id. Soil Cons. Comm.	8	59,000	9/02
Arco, City	9	1,000,000	3/03
Pocatello, City#	10	11,150,000	7/02
Ririe, City*	11	1,000,000	3/03
Star Water & Sewer Dist.	12	3,000,000	3/03
Burley, City*	13	5,700,000	12/02
Hoodoo W&S Dist.	15	150,000	3/03
Fish Haven Rec W&S Dist.	16	500,000	6/03
Coeur d'Alene, City*	17	11,000,000	7/02
Hagerman, City*	18	2,500,000	9/02
St. Anthony, City	19	1,000,000	12/02
Id. Soil Cons. Comm.	20	942,000	9/02
Buhl, City	21	4,000,000	12/02
Pocatello, City	22	2,600,000	12/02
Jerome, City	23	2,800,000	12/02
Granite Reeder S.D.*	25	2,000,000	3/03
Pierce, City	26	100,000	3/03
Filer, City	27	300,000	3/03
Menan, City	28	800,000	3/03
North Lake S&W Dist.**	29	2,606,000	3/03
TOTAL		\$59,889,432	

FY 2003 STATE WATER POLLUTION CONTROL LOAN PRIORITY LIST

ATTACHMENT F

FINAL APPROVED

WW LOAN

Rank	Project	FY 2003 Rating	Reg. Off.	DEQ Est. Loan Amt.	Needs Cat.	Project Description	Step	Discharge Permit #	BOD	SS
1	Dietrich, City of	150	TFRO	50,000	I	Finish Collection System and Land Application Facilities	4	No Discharge		
2	Idaho Soil Conservation Commission – Minidoka SWCD	140	TFRO	500,000	NP	Convert Irrigation in the Minidoka District From Surface Irrigation to Sprinkler	4	N/A		
3	Idaho Soil Conservation Commission - Weiser SWCD	138	BRO	872,000	NP	Implement Best Management Practices to Prevent and Help Correct Existing Excess Nitrate Contamination of Ground water.	4	N/A		
4	Idaho Soil Conservation Commission - Clearwater direct seed/No Till Project	138	LRO	300,000	NP	Implement Best Management Practices to Address Problems with Nitrate-Degraded Ground Water and Excess Nutrient-Loading of Surface Water	4	N/A		
5	Coolin Sewer District	129	CDA	3,900,000	NP	Upgrade WWTP, Land Application System and Collection System in Accordance with WLAP Compliance Schedule	4	ID – 002150-4	30	30
6	Burke Canyon	129	CDA	500,000	IVA, B	New Secondary/New Collectors & Interceptors	4	No Discharge		
7	Fremont County – Last Chance	128	IFRO	800,000	I	Plant Upgrade – Treatment Upgrade	4	No Discharge		
8	Idaho Soil Conservation Commission - Mill Slough – Ada County	127	BRO	59,000	NP	Implement Best Management Practices on Surface Irrigated Croplands to Control Erosion	4	N/A		
9	Arco, City of	124	IFRO	1,000,000	I	Wastewater Treatment Improvements	4	No Discharge		
10	Pocatello, City of	123	PRO	11,150,00	I	Phase 3A Wastewater Treatment Upgrade	4	ID-002178-4	30	30
11	Ririe, City of	119	IFRO	1,000,000	IVA,B	Collection System Improvements	4	ID-	30	30
12	Star, City of	114	BRO	3,000,000	I	Additional Wastewater Treatment Capacity and Sand Filter.	4	ID – 002359-1	45	70
13	Burley, City of	106	TFRO	12,000,000	I	New Secondary	4	ID-002206-3	30	30
14	Stites, City of	106	LRO	500,000	I	Wastewater Treatment Regionalization.	4	No Discharge		

Rank	Project	FY 2003 Rating	Reg. Off.	DEQ Est. Loan Amt.	Needs Cat.	Project Description	Step	Discharge Permit #	BOD	SS
15	Hoodoo (Harvard)	105	LRO	150,000		Improve Collection and Treatment	4	No Discharge		
16	Fish Haven Recreational & Sewer Dist.	105	PRO	500,000	I	Add Capacity and Upgrade of Land Application Site.	4	No Discharge		
17	Coeur d’Alene, City of	104	CDA	11,000,000	I	Upgrade of WWTP to Meet NPDES Compliance Schedule.	4	ID – 002285-0	30	70
18	Hagerman, City of	104	TFRO	2,500,000	I	Treatment Plant Upgrade to Meet TMDL Requirements-Snake River, New Collectors	4	ID – 002594-1	45	70
19	St. Anthony, City of	102	IFRO	1,000,000	I	Wastewater Treatment Improvements.	4	No Discharge		
20	Idaho Soil Conservation Commission – Franklin SWCD	101	PRO	942,000	NP	Improve Efficiency of Irrigation Water Distribution by Canal System.	4	N/A		
21	Buhl, City of	98	TFRO	4,000,000	I	Upgrade to Meet TMDL Requirements	4	ID- 002066-4	45	70
22	Pocatello, City of	94	PRO	2,600,000	VI	Install Artificial Wetlands and Biofilters to Treat Storm Water Runoff Before it Gets into the Portneuf River.	4	N/A		
23	Jerome, City of	91	TFRO	2,800,000	I	Upgrade to Meet TMDL Requirements-Snake River.	4	ID - 002016-8	30	30
24	Rapid River WWTP Upgrade	90	LEW	190,000	I	Upgrade Existing Wastewater Treatment Facilities.	4	No Discharge		
25	Granite-Reeder Sewer	89	CDA	2,000,000	I	New Secondary Treatment System/New Collectors and Interceptors.	4	No Discharge		
26	Pierce, City of	89	LRO	100,000	I	Correct Infiltration and Inflow Problems	4	ID – 002020-6		
27	Filer, City of	88	TFRO	300,000	I	Upgrade to Meet TMDL Requirements.	4	ID – 002006-1		
28	Menan, City of	85	IFRO	800,000	I	Wastewater Facilities Improvements	4	No Discharge		
29	North Lake Sewer & Water District-Tamarack Falls – West Side	79	BRO	2,606,000	I, IVA, B	Extend Existing Wastewater Collection System to Tamarack Falls area and Upgrade to Existing Wastewater Treatment System in Donnelly	4	No Discharge		
30	North Lake Recreational Water and Sewer District – Royal Scott	79	BRO	955,000	IVA, B	Install Collection System	4	No Discharge		
31	North Lake Recreational Water and Sewer District – SISCRA	79	BRO	250,000	IVA, B	Install Collection System.	4	No Discharge		
32	North Lake Recreational Water and Sewer District – SISCRA	79	BRO	300,000	IVA, B	Install Collection System	4	No Discharge		
33	Boise, City of	78	BRO	11,500,000	I	South Plant Upgrade – West Boise	4	ID – 002044-3	20	30

Rank	Project	FY 2003 Rating	Reg. Off.	DEQ Est. Loan Amt.	Needs Cat.	Project Description	Step	Discharge Permit #	BOD	SS
34	Council, City of	76	BRO	500,000	IIIA	Inflow and Infiltration Correction	4			
35	Boise, City of	75	BRO	6,000,000	I	New digester – West Boise Plant	4	ID - 002044-3	20	30
36	Mountain Home, City of	64	BRO	1,600,000	I	Upgrade Headworks, Upgrade Pumps and increase Pumping Capacity.	4	No Discharge		
37	Cottonwood, City of	60	LRO	123,300	VI	Upgrade Storm Water Collection system in the City of Cottonwood.	4	No Discharge		
38	Wendell, City of	60	TFRO	2,000,000	I	Upgrade to Improve Land Application	4	No Discharge		
39	Driggs, City of	59	IFRO	100,000	I	Wastewater System Improvements.	4	ID – 0020131	45	70
40	New Plymouth, City of	59	BRO	500,000	I	Develop Wastewater Land Application System	4	ID – 002038-9		
41	Nampa, City of	55	BRO	2,000,000	I	Bio-solids Upgrade	4	ID – 002206-3	30	30
42	Eagle Sewer District	49	BRO	1,566,000	IVA, B	Extend Existing Waterwater Collection System to Serve Banbury Subdivision	4	ID – 002044-3	20	30
43	Eagle Sewer District	49	BRO	1,783,000	IVA, B	Expansion of Existing Wastewater Collection System to Serve Evans Acres, Downing Downs Subdivision.	4	ID – 002044-3	20	30
44	Boise, City of	10	BRO	1,000,000	I	Digester Gas Improvement-Lander Street Plant	4	ID – 002044-3	20	30
45	Lewiston, City of	9	LRO	1,250,000	I	Develop a New Land Application System	4			
46	Boise, City of	10	BRO	1,000,000	I	Digester Gas Improvement – West Boise	4	ID – 002044-3	20	30

* Needs Category

I Secondary Treatment

II Advanced Treatment

NP Nonpoint Source Pollution Control

III Infiltration/Inflow Correction

IIIB Replacement/Rehabilitation

IVA New Collector Sewers

IVB New Interceptor Sewers

V Combined Sewer Overflows

VI Storm Sewer

WARNING: USE OF THIS LIST AS A MAILING LIST OR AS A TELEPHONE NUMBER LIST IS PROHIBITED BY IDAHO CODE SECTION 9-348 AND IS PUNISHABLE BY A CIVIL PENALTY OF UP TO \$1,000.